

PARTICIPATION OF THE SINO-SOVIET BLOC
IN INTERNATIONAL TRADE FAIRS AND EXHIBITS

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CONTENTS

	<u>Page</u>
Summary	1
I. Scope and Trend of Participation	1
II. Economic Impact of Participation	6
III. Other Implications of Participation	7

Appendix

Estimated Expenditures on International Trade Fairs by Members of the Sino-Soviet Bloc, by Host Country, 1955	9
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Tables

1. Summary of the Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits, 1951-55	1
2. Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits, by Size and Estimated Expenditure, 1955	3
3. Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits, by Size and Estimated Expenditure, 1954	5
4. Estimated Expenditures on International Trade Fairs by Members of the Sino-Soviet Bloc, by Host Country, 1955	9

PARTICIPATION OF THE SINO-SOVIET BLOC
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Summary

The international trade fair program of the Sino-Soviet Bloc is part of the battery of techniques used to implement the foreign economic policy of the Bloc. This program and the other techniques, which include trade agreements, attractive barter deals for agricultural surpluses, and credits for purchase of capital equipment by underdeveloped countries, are currently being considerably expanded and appear to be closely coordinated with the total Bloc effort. The Bloc, by employing foreign economic policy as an instrument of foreign policy, has scored recent diplomatic successes in the Middle East and Asia.

I. Scope and Trend of Participation.

"The international industrial expositions and fairs in which the Soviet Union takes an active part play a great role in developing international economic ties ... /and have/ the function of helping to develop and strengthen economic relations between the USSR and foreign countries. Participation of the USSR in expositions has become especially broad and systematic since the end of the war." This quotation from Mikhail V. Nesterov, President of the Soviet Chamber of Commerce, contains the essence of Soviet official policy concerning participation in trade fairs. This policy, like most international Soviet economic policy, has been adopted by the Sino-Soviet Bloc as a unit. A summary of some of the measurable aspects of trade-fair participation by the Bloc is given in Table 1.

Table 1

Summary of the Participation of the Sino-Soviet Bloc
in International Trade Fairs and Exhibits a/
1951-55

(1)	(2)	(3)	(4)	(5)
Year	Number of Countries in Which Bloc Exhibited	Number of Inter- national Fairs and Exhibits in Which Bloc Participated	Number of Exhibits	Estimated Expenditures (Thousand US \$)
1951 <u>b/</u>	8	8	20	N. A.
1952 <u>b/</u>	15	20	92	N. A.
1953 <u>b/</u>	23	58	120	N. A.
1954	26	60	125	10,000
1955	41	149	288	38,000

a. Summary of data in the tables and appendix which follow.

b. Data for 1951, 1952, and 1953 are less firm than data for 1954 and 1955.

The growth of Sino-Soviet Bloc participation in international commercial activity by means of the trade-fair technique is shown in Table 1. This participation was restricted in 1951 to a minor share in fairs organized by the major trading nations of Europe. The initial expansion and broadening of the program began in 1952. In that year the Bloc appeared for the first time in five fairs in underdeveloped countries. The trend of participation in underdeveloped areas continued in 1953. Exhibits were held in Egypt, French Morocco, Indonesia, Thailand, and Tunisia. The Bloc continued to participate in fairs in Greece and Turkey. In 1954 the size of the individual Bloc exhibits increased, and the Bloc further increased its participation in the fairs of the underdeveloped countries. For example, the Bloc participated on a larger scale in fairs in Turkey, Syria, Indonesia, Greece, and Egypt. Smaller efforts were made in fairs in Brazil, French Morocco, Iran, and Malaya.

The most significant increase in Sino-Soviet Bloc participation in trade fairs and exhibits took place in 1955. In this single year the Bloc participated in more trade fairs and exhibits than in the 4 preceding years. In 1954 the Bloc had 125 exhibits in some 60 fairs in 26 countries, with an estimated expenditure of US \$10 million. In 1955 the Bloc had 288 exhibits in 149 fairs in 41 countries. Bloc expenditure in 1955 is estimated to have been US \$38 million, of which approximately US \$18 million were expended on exhibits in the Free World and the remainder on fairs held in Bloc countries. Although Bloc-Free World trade constitutes only about 20 percent of total Bloc trade, over 47 percent of the Bloc trade-fair effort was spent in the Free World.

Tables 2* and 3** show the extent of participation by the various Sino-Soviet Bloc countries in both intra-Bloc and Free World trade fairs and exhibits. Two noteworthy developments are apparent from these tables: (1) the emergence of Communist China as a substantial participant in trade fairs and (2) the leading role of Czechoslovakia as a participant in trade fairs. The role of Czechoslovakia lends some substance to reports that, in the future, Czechoslovak industry is to concentrate principally on exports to non-Communist countries. Available reports further indicate that the Czechoslovak export drive is designed to make "practical propaganda" for the Communist economic system.

Estimated trade-fair expenditures of the Sino-Soviet Bloc, broken down by Bloc participants, by geographic area, and by host countries, in 1955, are shown in the Appendix in Table 4.*** This appendix shows the areas where Bloc trade-fair activities have been concentrated.

Although western Europe is the major Free World trading area for the Sino-Soviet Bloc, expenditures for trade-fair participation in western Europe were somewhat less than expenditures for the Far East and Middle East. Bloc participation in India involved a greater financial outlay than in any other Free World country. Major outlays were also made in Pakistan, Indonesia, and Syria. Extensive Bloc trade-fair activities also took place in Yugoslavia, Turkey, Austria, the Netherlands, and Sweden. Not so costly as these, but also noteworthy, were the one-nation shows in Argentina, Egypt, and Iceland.

* Table 2 follows on p. 3.

** Table 3 follows on p. 5.

*** Table 4 follows on p. 9.

Table 2

Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits
by Size and Estimated Expenditure ^a/
1955
(Free World Figures in Parentheses)

Sino-Soviet Bloc Participant	Number of Exhibits				Total Estimated Cost b/ (Thousand US \$)
	Large	Medium	Small	Negligible	
USSR	16 (8)	6 (4)	6 (4)	9 (6)	37 (22)
Czechoslovakia	22 (15)	11 (9)	20 (14)	24 (23)	77 (61)
East Germany	10 (5)	8 (7)	23 (15)	10 (8)	51 (35)
Communist China	9 (7)	1 (0)	7 (5)	3 (2)	20 (14)
Hungary	4 (0)	7 (4)	17 (12)	20 (20)	48 (36)
Poland	5 (2)	2 (1)	6 (3)	11 (9)	24 (15)
Bulgaria	2 (0)	3 (2)	2 (1)	4 (3)	11 (6)
Rumania	2 (1)	2 (1)	5 (2)	3 (3)	12 (7)
North Vietnam	0	0	5 (0)	0	5 (0)
Albania	0	0	2 (0)	0	2 (0)
North Korea	0	0	1 (0)	0	1 (0)
Total	70 (38)	40 (28)	94 (56)	84 (74)	288 (196)
					37,823 (18,143)

a. A large-scale expenditure involves 20,000 square feet of space or more, large delegations, and considerable transportation expense. A medium-scale expenditure involves approximately 10,000 to 20,000 square feet of space, often in a Pavilion of Nations permanently erected by the fair officials or otherwise obviating high construction costs. A small-scale expenditure utilizes less than 10,000 square feet and a negligible effort involving exhibition of a few products by a local agent or participation in a specialized exhibit, such as an automobile show or an office equipment show, where the number of products involved is minimal.

Table 2

Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits
by Size and Estimated Expenditure

1955

(Free World Figures in Parentheses)

b. The Office of International Trade Fairs, Department of Commerce, has indicated that a US exhibit on a large scale might cost up to US \$600,000; on a medium scale, US \$150,000; and on a small scale, US \$20,000. Generally, a range from US \$200,000 to US \$500,000 was applied to large exhibits. It is estimated that in a few cases the Sino-Soviet Bloc expended more than US \$500,000 on individual large-scale exhibits, and in these cases a larger sum was used in the above estimate. The medium- and small-exhibit figures were applied as given, and a US \$2,000 figure was assigned to the negligible shows.

Table 3

Participation of the Sino-Soviet Bloc in International Trade Fairs and Exhibits
by Size and Estimated Expenditure a/
1954
(Free World Figures in Parentheses)

Sino-Soviet Bloc Participant	Number of Exhibits				Total Exhibits	Total Estimated Cost b/ (Thousand US \$)
	Large	Medium	Small	Negligible		
USSR	12 (10)	1 (0)	1 (1)	4 (4)	18 (15)	3,900 (3,028)
Czechoslovakia	2 (2)	6 (5)	13 (12)	16 (16)	37 (35)	1,692 (1,522)
East Germany	2 (1)	4 (4)	14 (13)	1 (1)	21 (19)	1,330 (1,112)
Communist China	1 (1)	1 (0)	0	1 (1)	3 (2)	550 (402)
Hungary	0	5 (5)	15 (13)	5 (5)	25 (23)	1,060 (1,020)
Poland	0	4 (2)	4 (3)	0	8 (5)	680 (360)
Bulgaria	0	1 (1)	7 (5)	0	8 (6)	290 (250)
Rumania	0	0	3 (1)	2 (2)	5 (3)	60 (24)
Albania	0	0	0	0	0	0 (0)
Total	17 (14)	22 (17)	57 (48)	29 (29)	125 (108)	9,562 (7,718) c/

a. See Table 2, footnotes a and b, p. 3, above.

b. The estimating procedure is identical with that for 1955 (see Table 1) except that in the estimate for 1954 a range from US \$200,000 to US \$500,000 was applied to the large exhibits. On balance, it is believed that this variation in estimating technique has resulted in no significant error.

c. Intra-Bloc expenditures in 1954 were low because the Plovdiv and Poznan fairs were not held. The increase in 1955 in intra-Bloc expenditures can be traced almost directly to these two fairs and to the estimated US \$6 million spent on exhibits in Communist China. No estimate was made for expenditures on the Moscow Agricultural Fair, which opened for the first time since the war in 1954. It is not an international fair, although it attracts huge crowds and many foreign visitors.

Information concerning 1956 trade-fair activity indicates a continued high level of Sino-Soviet Bloc participation. Announced plans indicate an increased expenditure in such countries as Afghanistan, Syria, Turkey, Greece, Italy, Yugoslavia, Tunisia, French Morocco, and Japan. The intention of the Bloc to participate in future Latin American fairs has also been announced by Bulganin. Trade fairs comparable in magnitude to those held in India and Pakistan during 1955 have not been announced for 1956, but a large-scale Bloc effort is expected for the 1956 Industrial and Trade Fair in Afghanistan, and participation in other Far East fairs that may develop is highly probable.

The Sino-Soviet Bloc has concentrated and probably will continue to concentrate its trade-fair activities in the Free World on the underdeveloped countries of Asia, the Middle East, North Africa, eastern and southern Europe, and Latin America. Activity in selected countries of northwestern Europe probably will continue with emphasis on France, Sweden, and Iceland. The trend of participation clearly is toward fairs and exhibits of increasing magnitude in the underdeveloped countries.

II. Economic Impact of Participation.

Sino-Soviet Bloc participation in international trade fairs and exhibits is frequently dismissed as a propaganda effort. This point of view is reinforced by reports that Bloc representatives in attendance at fairs are reluctant to quote prices or discuss firm delivery dates. The apparent unwillingness of the Bloc representatives to negotiate a spot sale is in contrast with the willingness of the Free World exhibitors to do business immediately. Bloc trade activity, however, is controlled by a state monopoly which is normally more interested in the general development of trade relations than in single, isolated, on-the-spot sales. The "normalization of trade relations," which is the principal aim of Bloc participation in trade fairs, is accomplished primarily through the medium of subsequent trade and payment agreements. These agreements are reached only after lengthy negotiations involving governmental agencies, central banks, Bloc trade monopolies, and Free World trade companies. The Bloc generally uses a trade fair as a means of exhibiting a wide range of products as a step in the trade agreement negotiating processes.

The USSR has commonly used what may be termed an "institutional" approach to the trade-fair medium by presenting its exhibits in an impressive display, usually under a single roof in a Soviet pavilion, rather than dispersed among the various category exhibits. Considerable comment has taken place concerning the withdrawal of the USSR from trade fairs coincidental with US announcements of intention to participate. This withdrawal has popularly been construed as Soviet reluctance to compete with the US exhibit. Examination of the details of Soviet withdrawal indicates that one of the principal motivations was the unwillingness or inability of the sponsors of the fair to allocate sufficient space for a large, consolidated Soviet exhibit rather than fear of US competition, although the latter may have been a contributing factor.

An examination of Sino-Soviet Bloc foreign trade with the under-developed countries in which the Bloc participated in exhibits indicates that the trade-fair program combined with other trade promotional activities does have an economic impact. The impact appears to be cumulative and thus offers the probability of a long-term increase in such Bloc trade. For example, the Bloc exhibits in recent Salonika trade fairs probably acted as a catalyst in the increase in Greek trade with the Soviet Bloc in 1953 and 1954, an increase which restored this trade to the 1948 levels. Preliminary data indicate that Soviet Bloc-Greek trade in 1955 increased 35 percent over 1954. The Bloc has successfully obtained an important timber and petroleum market in Greece; in exchange for timber and petroleum it receives needed supplies of tobacco, fruits, vegetables, olive oil, and olives. The USSR is reported to be extremely interested in obtaining needed bauxite from Greece. Several Bloc-Greek trade agreements have been concluded, and trade delegations and agents have been established. Prospects of further increases in foreign trade are believed to be good. Although Greece cannot be said to be economically dependent upon the Sino-Soviet Bloc, the Bloc trade drive has increased Bloc-Greek trade to the highest point of record and has resulted in greatly improved economic relations which, in turn, have reduced the strain of Soviet Bloc-Greek political relations. Other countries in which Bloc participation in trade fairs and exhibits and attendant trade promotional activities have resulted in a definite increase in economic activity, although of varying degree, are Afghanistan, Finland, Iceland, Yugoslavia, Egypt, Greece, Syria, Turkey, India, Indonesia, Burma, and Argentina.

There is a striking correlation between the trade exhibit activity of the Sino-Soviet Bloc and Bloc offers of credit to underdeveloped countries. Almost without exception the underdeveloped countries mentioned above have been offered long-term credits for capital development. In perspective, both the long-term credit program and the trade-fair program appear to be parallel techniques for implementing Sino-Soviet Bloc economic policy.

The total economic impact of the trade-fair program of the Sino-Soviet Bloc cannot be appraised apart from the Bloc's other trade promotional activity, and although the combined impact of the 1955 program cannot yet be measured, the result may be a further increase in Soviet Bloc-Free World trade in 1956.

III. Other Implications of Participation.

Participation in trade fairs gives the Sino-Soviet Bloc an opportunity to display its new foreign economic program. The Soviet leadership has clearly indicated that it considers this program an important arm of its diplomacy and a means of competing with the US for world influence and leadership. Present Soviet activity indicates that the USSR now has enough economic resources and technical personnel, as well as a relatively tranquil domestic scene, to enter new areas of world diplomacy such as Asia, the Middle East, Africa, and Latin America. The current Soviet re-emphasis on heavy industry has helped create a stockpile of capital goods for trade with underdeveloped countries.

Increased participation in trade fairs, therefore, has been accompanied by an increase in Sino-Soviet Bloc trade, in the offer and extension of credit to underdeveloped areas as well as the establishment of trade representation, and in the signing of trade agreements.

The Sino-Soviet Bloc also employs the trade fair as a propaganda vehicle. Statues of Communist leaders and photographs purporting to show life in the Bloc countries are shown (although to a lesser degree in 1955 than in 1954). Written material is disseminated, and political speeches are made that are filled with the current slogans calling for "peaceful coexistence," "relaxation of world tension," removal of trade embargoes, and the reunification of East and West Germany.. Attempts are also made to secure formal trade agreements in order to gain de facto recognition of Communist China and East Germany. The size of the pavilion and the number and variety of products displayed are designed to impress the visitor with the comprehensiveness and know-how of Bloc production. The assistance of the local affiliate of the Communist-front Committee for the Promotion of International Trade (CPIT) is enlisted by the Communist Party to insure the success of the fair.

The Sino-Soviet Bloc participates increasingly in trade fairs for a combination of economic and political reasons. Economically, the Bloc trades with the Free World to obtain raw materials and industrial products which it needs to supplement its economy. Many of these raw materials are found in the countries of non-Communist Asia and the Middle East, which are underdeveloped and which have foreign exchange deficiencies. The Bloc, by exhibiting an array of capital goods and offering to exchange them on favorable terms for raw materials, proposes to facilitate the industrialization of these underdeveloped areas. The increased economic influence of the Bloc will unquestionably be used for political purposes whenever and ~~wherever~~ an opportunity offers itself.

APPENDIX

ESTIMATED EXPENDITURES ON INTERNATIONAL TRADE FAIRS BY MEMBERS OF THE SINO-SOVIET BLOC
BY HOST COUNTRY

1955

Table 4

Host Country	USSR	Communist China	Czecho-slovakia	East Germany	Hungary	Poland	Bulgaria	Rumania	Albania	North Vietnam	North Korea	Total	Thousand US \$
North America													
US			2		2							4	
Canada			200			2						202	
Total			202		2	2						206	
Latin America													
Argentina	500											500	
Bolivia			2									2	
Ecuador	2	2	2		2	2		2				12	
Total	502	2	4		2	2		2				514	
Northwestern Europe													
Austria	202		290	265	152							909	
Belgium	2		366	172	24	2	2					568	
Denmark			200	2								202	
France		400	158	152	28	20	2	4				764	
Iceland	150	20	150									320	
Netherlands	1,000		156	24	4	2						1,186	
Sweden	350		300	170	20							840	
Switzerland			4	2								8	
UK			44	300	2	2						348	
West Germany	2		24	442	64	2						534	
Total	1,706	420	1,692	1,529	296	28	4	4				5,679	

Table 4
(Continued)

Thousand US \$												
Host Country	USSR	Communist China	Czecho-slovakia	East Germany	Hungary	Poland	Bulgaria	Rumania	Albania	North Vietnam	North Korea	Total
Southern Europe												
Greece			150	300	20		150					620
Italy	22		236	192	8	22	2					482
Turkey			300		150	150	150	150				900
Total	22		686	492	178	172	302	150				2,002
Eastern Europe												
Finland			250									250
Yugoslavia	990		420	20	80	20		20				1,550
Total	990		670	20	80	20		20				1,800
Middle East												
Egypt		20	500									520
Ethiopia			200									200
Syria		300	250	200	150	200	20					1,120
Total		320	950	200	150	200	20					1,840
Other Asia												
Burma			150									150
India	770	542	650	400	20	250		250				2,882
Indonesia		450	300	150	150	2		20				1,072
Pakistan	402	470	300									1,172
Japan		450										450
Total	1,172	1,912	1,400	550	170	252		270				5,726

- 10 -

Table 4
(continued)

Host Country	Thousand US \$									
	USSR	Communist China	Czechoslovakia	East Germany	Hungary	Poland	Bulgaria	Rumania	Albania	North Vietnam
Other Africa										
Belgian Congo			20							
French Morocco			152							
Tunisia					2	2				
Total			172		2	2				
Oceania										
Australia			200							
Total			200							
Free World Total	4,392	2,654	5,976	2,791	880	678	326	446		18,143
Sino-Soviet Bloc										
Bulgaria	500	200	300	370	270	370	520	250		2,800
Communist China	5,002	20	900	20	170					6,092
Czechoslovakia	250		40							310
East Germany	522	152	620	2,020	420	272	152	170	20	4,408
Hungary	200		170	190	650	20		20		1,270
North Vietnam		20	150	20						190
Poland	522	400	247	227	220	1,152	200	20	20	3,028
Rumania				242						242
USSR	300		1,020		20					1,340
Total	7,296	792	3,447	3,089	1,750	1,814	872	460	40	19,680
Grand total	11,688	3,446	9,423	5,880	2,630	2,492	1,198	906	40	37,823